DOCUMENT RESUME

ED 163 604 EA 011 082

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TITLE Accounting and Financial Planning--Top Priorities for School Business Administrators.
PUB DATE 78
NOTE 14p.; Paper presented at the Annual Meeting of the Association of School Business Officials (Washington, D.C., October 1-5, 1978)

EDRS PRICE MF-$0.83 HC-$1.67 Plus Postage.
DESCRIPTORS *Administrative Personnel; *Budgeting; Educational Research; Elementary Secondary Education; Investment; Job Analysis; Reports; *School Accounting; Tables (Data)
IDENTIFIERS Auditing; *Financial Planning; Pennsylvania

ABSTRACT

Success for the business administrator depends largely on ability to identify priorities and to direct time, energy, and know-how accordingly. This study attempted to find out the priorities of the tasks of accounting and financial planning for school business administrators and the precise nature of the school business administrator's responsibility for these functions. A reanalysis was done of data gathered by Moser in a survey of Pennsylvania school business administrators and their subordinates. Responses came from 22 executive directors and 23 business administrators from 27 separate intermediate districts. Results indicated several conclusions. (1) Accounting and financial planning are top priorities for school business administration. (2) Cash flow analysis, financial reports preparation and reporting, and accounts auditing are the most important components of accounting. (3) Investments, budget control, and budget compilations are the crucial tasks in financial planning. (4) The business administrator's responsibility is either to complete or delegate accounting tasks, but ideally the tasks should be delegated. (5) The business administrator's responsibility for financial planning is to complete rather than delegate this task. (6) The tasks of cash flow analysis, investments, budget control, and budget compilation are completed by business administrators themselves. (7) The tasks of financial reports preparation and accounts auditing are ideally delegated by the business administrator to a subordinate. (Author/JM)

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# ACCOUNTING AND FINANCIAL PLANNING-- TOP PRIORITIES FOR SCHOOL BUSINESS ADMINISTRATORS

A Presentation to the 1978 Annual Meeting of the
Association of School Business Officials
Washington, D.C.

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## INTRODUCTION

Almost everyone agrees that schools are large organizations which consume considerable financial resources in their operation. Just how large is often not fully understood nor appreciated. Within the boundaries of a public school district, for example, the school district itself is likely to be among the largest organizations in terms of many indicators of size. Whether measured by investment in capital assets, number of employees, dollar amount of payroll, square feet of physical plant, number of meals served, or number of passenger miles of persons transported, few public agencies or private businesses operating in the school's community will exceed the school district.

The business operations for any large organization may be expected to be numerous and complex. Adding to the size of a school district, constraints imposed by the exploding number of governmental regulations and mandates would be quite sufficient to justify the claim that accounting and financial planning are crucial to the successful operation of schools. But the story is not complete at this point.

Although many school districts are experiencing declining enrollments, overall costs and expenditures per pupil continue to rise. Confounding the situation is the fact that (1) the tax base is declining or increasing at an inadequate rate, and (2) taxpayer revolt is a reality, no longer merely rhetoric. All of these factors should leave little doubt about the priority of accounting and financial planning in the work of the school business administrator; nevertheless, the research reported herein may add further insight and perspective on the importance of these functions.

## RESEARCH QUESTIONS

Two major questions are addressed in this presentation:

1. Among the variety of tasks expected to be performed by school business administrators, what is the priority for the functional tasks of accounting and financial planning?

2. What is the nature of the school business administrator's responsibility for these functions?

## RESEARCH PROCEDURE

This paper is based on a secondary analysis of data collected by Moser[1] in a survey of school business administrators and their superordinates in the intermediate units of Pennsylvania. Moser's study encompassed all intermediate units in Pennsylvania except those for Pittsburgh and Philadelphia. This population consisted of 27 separate intermediate unit districts and produced responses from 22 executive directors (a return of 81%) and 23 business administrators (a return of 85%). (An executive director is the chief administrative officer of an intermediate unit and must possess qualifications comparable to those required of a school district superintendent.)

In the construction of the survey instrument, the publication entitled The School Business Administrator, 1970[2] provided a basic frame of reference for identifying and categorizing the functional tasks. Nine task areas of seven tasks each were chosen for inclusion in the instrument. The instrument's format was adapted from that used by Geary.[3] Content validity was assessed and approved by a panel of experts knowledgeable and experienced in the field of school business administration. Reliability coefficients of correlation calculated from a pilot study ranged from .82 to .94 for the four types of responses solicited.

In his analysis, Moser tested for differences between executive directors and business administrators on the priorities they assigned to the functional tasks and in their perceptions of the responsibility of the business administrator. He also tested for differences between business administrators according to their professional background. In all cases no statistically significant difference was found; therefore, in the secondary analysis all respondents were combined into one group.

The items were rated on a scale of "low priority" (zero points) to "high priority" (four points), and mean ratings were computed for each task and task area. The mean ratings were then arranged in rank order; the highest mean was assigned the rank of "one." Each task was rated according to the current performance of the business administrator and in terms of the ideal situation.

The responsibility of the business administrator for a task was judged by the respondent to be in one of four levels: (1) No role, (2) Doer, (3) Delegator, or (4) Resource Person.

"No role" described a task with which the business administrator did not become involved. "Doer" described a task performed directly by the business administrator, while "delegator" described the delegation of the task to a subordinate. "Resource person" described the situation in which the business administrator provided authoritative information when requested to do so. Again, the respondent indicated the business administrator's responsibility in terms of current performance and the ideal situation. The group's judgement of the responsibility for a task was based on a plurality of at least one-third of all respondents. The pattern of responses for the tasks within a task area was used to determine the category of overall responsibility for that task area.

## FUNCTIONAL TASK PRIORITIES

When the nine functional task areas were ranked according to priority, accounting and financial planning stood clearly at the top of the list. (See Table 1.) These were the only task areas which had items whose mean rating was "above average priority" (three points) or better. In fact, the item having the lowest mean rating in the area of accounting exceeded the the items having the highest mean rating in all other task areas except financial planning. The task areas in the upper four ranks pertain primarily to financial management, the middle task area (rank 5) deals with personnel, and the areas in the four lower ranks relate largely to equipment and facilities.

The rankings for "current performance" and the "ideal situation" were identical except for ranks 8 and 9. Transportation ranked above plant planning and construction for current performance, but their rankings reversed for the ideal situation. The overall rankings suggest that the relative priority among the task areas is in line with what executive directors and business administrators believe it should be.

Although obscured by the ranking process, the mean rating for each task area on the ideal scale exceeded the rating on the current scale. The mean rating for all task areas combined was 1.96 on the current scale and 2.27 on the ideal scale. (A score of "2" equals a rating of "average" priority.) The tendency to assign higher ratings to the ideal scale suggests that all the task areas should be assigned greated importance than they are now.

TABLE 1. THE PRIORITY OF FUNCTIONAL TASKS IN SCHOOL BUSINESS ADMINISTRATION

| Task Area | Current Performance Rank | Ideal Situation Rank |
|---|---|---|
| Accounting | 1 | 1 |
| Financial Planning | 2 | 2 |
| Insurance Coverage | 3 | 3 |
| Purchasing | 4 | 4 |
| Classified Staff | 5 | 5 |
| Electronic Data Processing | 6 | 6 |
| Maintenance and Operation of Plant | 7 | 7 |
| Transportation | 8 | 9 |
| Plant Planning and Construction | 9 | 8 |

Note. The items in each task area were rated on a scale of "low priority" (zero points) to "high priority" (four points). The overall rank was determined from the mean rating assigned to the items in each task area.

Within the task area of accounting, (1) cash flow analysis, (2) financial reports preparation and reporting, and (3) accounts auditing were ranked as the most important tasks both currently and ideally. (See Table 2.) Each of these tasks had mean ratings of "above average priority" (three points) or higher. Joining them on the ideal scale with a rating above three points was the task of payroll and voucher preparation. The ranks for the tasks within accounting were identical for the current and ideal scales except for ranks 5 and 6. Cost accounting was rated to be more important than government tax and retirement accounting in the ideal situation.

Investments, budget control, and budget compilation led the tasks within the area of financial planning. Each of these tasks was also rated "above average priority" or higher on both scales. On the ideal scale, budget presentation also attained a mean rating above three points. Investments and budget control tied for first place on the current scale, but investments stood alone atop the ideal scale. Otherwise, the rankings were identical on the current and ideal scales.

TABLE 2. THE PRIORITY OF FUNCTIONAL TASKS WITHIN THE AREAS OF "ACCOUNTING" AND "FINANCIAL PLANNING"

| Functional Tasks | Current Performance Rank | Ideal Situation Rank |
|---|---|---|
| ACCOUNTING | | |
| Cash flow analysis | 1* | 1* |
| Financial reports preparation and reporting | 2* | 2* |
| Accounts auditing | 3* | 3* |
| Payroll and voucher preparation | 4 | 4* |
| Government tax and retirement accounting | 5 | 6 |
| Cost accounting | 6 | 5 |
| Capital reserve funds and trust funds management | 7 | 7 |
| FINANCIAL PLANNING | | |
| Investments | 1.5* | 1* |
| Budget control | 1.5* | 2* |
| Budget compilation in coordination with educational planning | 3* | 3* |
| Budget presentation to Board of Directors | 4 | 4* |
| Coordination of fiscal matters with other governmental units | 5 | 5 |
| Depository selection | 6 | 6 |
| Debt management | 7 | 7 |

* Starred items had mean ratings of "above average priority" or higher. These were the only items to attain mean ratings this high among the 63 items on each the current and ideal scales.

Of all 63 tasks listed on the survey instrument, the only items to attain mean ratings of "above average priority" (three points) or higher on the current scale were the top three tasks in accounting and the top three in financial planning. On the ideal scale the only tasks to reach this level were the top four tasks in each of these two areas. Only debt management, of the fourteen tasks in these two areas, failed to attain a mean rating of at least "average priority" (two points). These findings add emphasis to the overall importance of accounting and financial planning.

## RESPONSIBILITY FOR THE FUNCTIONAL TASKS

In the task areas related to financial management, the responsibility of the business administrator was generally categorized as "doer" or "delegator." (See Table 3.) Based on current performance, the business administrator was seen predominately as the doer of specific tasks in the areas of financial planning and purchasing. In accounting, the business administrator was seen as either the doer or delegator of the tasks. For insurance coverage, the resource person role was added to those of doer and delegator. The predominate response for the remaining task areas was that the business administrator had "no role" currently.

In the ideal situation the business administrator was viewed as "doer" alone only for financial planning. "Doer" or an alternative role was specified for the areas of insurance coverage, purchasing, electronic data processing, and maintenance and operation of plant. For accounting, the ideal role was deemed to be "delegator." The remaining task areas (classified staff, transportation, and plant planning and construction) were categorized as resource person, delegator, and/or no role.

Within the task area of accounting, the business administrator was identified as the doer and/or delegator for each task as performed currently. (See Table 4.) The preference in the ideal situation was the delegator role for five of the seven tasks and for the doer role in two tasks. Cash flow analysis, the task having the highest priority within accounting, was viewed as a doer role both currently and ideally.

TABLE 3. THE RESPONSIBILITY OF THE BUSINESS ADMINISTRATOR FOR FUNCTIONAL TASKS IN SCHOOL BUSINESS AFFAIRS

| Task Area | Current | | | | Ideal | | | |
|---|---|---|---|---|---|---|---|---|
| | No Role | Doer | Delegator | Resource | No Role | Doer | Delegator | Resource |
| Accounting | | X | X | | | | X | |
| Financial Planning | | X | | | | X | | |
| Insurance Coverage | | X | X | X | | X | X | |
| Purchasing | | X | | | | X | X | |
| Classified Staff | X | | | X | | | | X |
| Electronic Data Processing | X | | | | X | X | | |
| Maintenance and Operation of Plant | X | | | | | X | X | |
| Transportation | X | | | | X | | X | |
| Plant Planning and Construction | X | | | | X | | | X |

The doer role predominated the tasks within financial planning both in current performance and in the ideal situation. In fact, the group responses were identical for the current and ideal scales. In addition to the doer role, budget presentation was seen as a task for which the business administrator might serve as resource person. The resource person role was the dominate role for depository selection, while debt management was viewed as requiring either a doer or no role.

TABLE 4. THE RESPONSIBILITY OF THE BUSINESS ADMINISTRATOR FOR TASKS IN THE AREAS OF "ACCOUNTING" AND "FINANCIAL PLANNING"

| Functional Tasks | Current | | | | Ideal | | | |
|---|---|---|---|---|---|---|---|---|
| | No Role | Doer | Delegator | Resource | No Role | Doer | Delegator | Resource |
| ACCOUNTING | | | | | | | | |
| Cash flow analysis | | X | | | | X | | |
| Financial reports preparation and reporting | | X | X | | | | X | |
| Accounts auditing | | X | X | | | | X | |
| Payroll and voucher preparation | | | X | | | | X | |
| Government tax and retirement accounting | | | X | | | | X | |
| Cost accounting | | | X | | | | X | |
| Capital reserve funds and trust funds management | | X | | | | X | | |
| FINANCIAL PLANNING | | | | | | | | |
| Investments | | X | | | | X | | |
| Budget control | | X | | | | X | | |
| Budget compilation in coordination with educational planning | | X | | | | X | | |
| Budget presentation to Board of Directors | | X | | X | | X | | X |
| Coordination of fiscal matters with other governmental units | | X | | | | X | | |
| Depository selection | | | | X | | | | X |
| Debt management | X | X | | | X | X | | |

## SUMMARY

Based on the findings of a survey of intermediate unit executive directors and business administrators in Pennsylvania, the following generalizations appear warranted:

1. Accounting and financial planning are top priorities among the functional tasks of school business administration.

2. Cash flow analysis, financial reports preparation and reporting, and accounts auditing are the key tasks in accounting.

3. Investments, budget control, and budget compilation are the crucial tasks in financial planning.

4. The business administrator's responsibility is that of doer or delegator of the accounting tasks. Ideally, he is expected to delegate most of these tasks.

5. The business administrator's responsibility for financial planning is and should be that of doer of these tasks.

6. The top rated tasks of cash flow analysis, investments, budget control, and budget compilation are "doer" tasks for the business administrator.

7. The top rated tasks of financial reports preparation and reporting and accounts auditing are, ideally, delegated by the business administrator to a subordinate.

Each school business administrator should analyze the requirements and expectations for his position. Success depends largely on the ability to identify priorities and to direct one's time, energy, and know-how accordingly. Accounting and financial planning require considerable technical expertise; consequently, the business administrator must be sure he possesses the necessary specialized skills and knowledge to carry out these functions. The research reported here reinforces the claim that accounting and financial planning are top priorities for school business administrators.

## FOOTNOTES

[1]Warren W. Moser, "Emerging Roles and Functional Tasks of the Intermediate Unit Business Administrator As Perceived by Pennsylvania Executive Directors and Intermediate Unit Business Administrators" (unpublished Doctoral dissertation, Temple University, Philadelphia, 1978).

[2]Frederick W. Hill, The School Business Administrator, 1970 (Chicago: The Research Corporation of the Association of School Business Officials, 1970).

[3]Fred A. Geary, "A Study of the Role Perceptions of School Business Officials As Seen by School Business Officials and Superintendents in the Schools of Connecticut" (unpublished Doctoral dissertation, The University of Connecticut, 1975).

## APPENDIX

## FUNCTIONAL TASKS OF THE SCHOOL BUSINESS ADMINISTRATOR

### ACCOUNTING

- Accounts auditing
- Capital reserve funds and trust funds management
- Cash flow analysis
- Cost accounting
- Financial reports preparation and reporting
- Government tax and retirement accounting
- Payroll and voucher preparation

### CLASSIFIED STAFF

- Disciplinary action
- In-service training for personnel
- Maintenance of personnel records of employees
- Negotiations
- Personnel evaluation and appraisal program
- Policies on conditions of employment (sick leave, vacation, and the like)
- Recruitment and orientation of personnel

### ELECTRONIC DATA PROCESSING

- Appraisal and evaluation of offered services by outside companies
- Evaluation of existing EDP procedures
- Preparation and utilization of flowcharts
- Preparation of programs for computers
- Projection techniques (financial trends, student enrollment and the like)
- Selection of EDP equipment
- Selection of EDP systems

### FINANCIAL PLANNING

- Budget compilation, in coordination with educational planning
- Budget control
- Budget presentation to Board of Directors
- Coordination of fiscal matters with other governmental units
- Debt management
- Depository selection
- Investments

INSURANCE COVERAGE

Determination of coverages to be provided
Determination of insurable values--buildings and contents
Evaluation of insurance policies
Maintenance of adequate insurance records
Preparation of claims
Procurement procedures for insurance coverage
Property and equipment inventory

MAINTENANCE AND OPERATION OF PLANT

Energy conservation
Evaluation of custodial supplies and non-instructional equipment
Inspection and evaluation of custodial services
Policies, standards, and frequency of maintenance
Preventive maintenance program
Protection of plant and security
Schedule and allocate manpower

PLANT PLANNING AND CONSTRUCTION

Construction and equipment of plant
Integration of architectural, educational, and maintenance planning
Legal requirements
Rentals and leases of facilities
Plant utilization studies
Projections of facility needs
Utilization of network management techniques (CPM)

PURCHASING

Approval of purchase orders
Policies, rules, regulations and procedures
Preparation of specifications
Recommendations for awarding of contracts
Sale and disposal of worn or obsolete equipment
Storage, inventory and distribution program
Tabulation and analysis of bids

TRANSPORTATION

Development and administration of bus routes and schedules
Disciplinary action--driver
Disciplinary action--student
Evaluation of contracted services versus use of I.U. transportation equipment
Policies, rules, regulations and procedures
Staff supervision and training
Utilization of vehicles